

**Fiscal Year 2010 DEQ Fee Proposal
Floodplain Regulatory Authority (Part 31) and Land Division (Act 288) Fees
November 6, 2008**

Program Description. The Floodplain Regulatory Program regulates alteration and construction within channels and floodways of streams to ensure that they are clear and uninhabited, and that structures placed within the floodplain are properly protected from flood damage. This program also houses the State Coordinator for the Federal Emergency Management Agency's (FEMA) National Flood Insurance Program (NFIP). This program ensures that bridges and culverts will safely convey the water runoff of a 100-year rain event without flooding upstream property and helps communities regulate commercial and private development in the floodplain.

MCL Citation. MCL 324.3101 (Part 31) and MCL 560.101 (Act 288)

Sunset Date. The sunset for the Part 31 permit fees is October 1, 2011.

Last Fee Increase. Part 31 Floodplain permit fees have not been raised since 1996.

Who Pays the Fees? Funding for this program is provided by state General Fund/General Purpose money, federal funds from FEMA, and the Land and Water Management Division's (LWMD) permit fee revenues. Of the fee payers, 95 percent are private property owners, commercial and residential developers, business and industry. Other applicants include local, state and federal agencies such as the Department of Natural Resources, Michigan Department of Transportation, Natural Resources Conservation Service, and United States Forest Service.

Services Provided. The program is designed to ensure that structures are not built in areas subject to flooding and that the floodplain is not filled in a way that results in increased flooding on other property. Approximately 1100 applications are processed each year. Program staff work with local units of government and citizens to provide floodplain maps and information to assist them with complying with floodplain regulations. Nearly 800 Michigan communities currently participate in the NFIP, which provides over \$4 billion of property loss coverage through close to 28,000 policies.

Benefits of the Services Provided. This program protects people and property from the most common natural disaster – flooding. The reviews assure that structures will not be subject to flooding and that work being done in the floodplain in one area will not negatively impact other property owners.

What Happens Without The Services? Development would occur in flood prone areas and alterations would occur in the floodways. People and property would be at greater risk from flooding. Without the program, insurance coverage and emergency response costs would increase to the taxpayer.

Current Fee Revenue. The LWMD saves citizens time and money by providing one consolidated permit for up to six regulated activities. The charge for this permit equals the cost of the fee for the highest single permit, although the permit authorizes multiple regulated activities to take place. Therefore, it is not possible to project fees separately for floodplain activities.

Proposed Fee Revenue. The current combined LWM fee schedule yields approximately \$2 million annually, and the proposed increase will yield approximately \$3.2 million.

Service Improvements and Efficiencies. There is an ongoing federally funded effort to update and modernize flood maps to a more useful and efficient digital format. This process is also increasing the percentage of the population covered by these maps. More property owners will then realize their flood risk and be able to purchase flood insurance to protect their homes and property. In addition, the LWMD's system for accepting requests for floodplain information has been improved so that the requests may now be done on-line rather than by mail.

Impact Without Fee Increase. The LWM permit fees are based on the highest fee for the regulated activities covered by the permit, and are not maintained by individual program. Therefore, the impact of the outcome of this fee proposal effort will have to be evaluated across all of the programs. At a minimum, the level of service available would be limited without funding to sustain it.

Should a lack of funding require that the Floodplain Regulatory Program be eliminated in order to sustain other LWMD programs, the impacts will be as follows:

The long-term result of program shut-down would be increased flooding and damage associated with flooding. Michigan's ability to participate in the NFIP will also be compromised. Without state oversight and assistance, many communities will become noncompliant and will be suspended from the NFIP. The residents of these communities will no longer be able to purchase flood insurance, obtain federally backed loans (including mortgages) or have disaster relief funds available. The loss of federally backed loans has an immediate negative impact on economic development and the housing market. Even a temporary loss in NFIP coverage can have devastating effects on a family if they are struck by a flood during that time. If participation is eventually restored, there may be significant long-term premium increases for properties that are currently "grandfathered" into favorable rates, because these lower current rates would be lost if there is a break in coverage.

Without needed upgrades the outdated flood insurance rate maps will remain in use and would be used for regulatory and insurance purposes. This would mean property owners will not have reliable, up-to-date information to judge the flood risk associated with their homes and property.

Statutory amendments would be needed to eliminate the responsibility to administer this program should funding not be provided.

A portion of the fee request is to allow the division to upgrade the permitting database which is over 20 years old, as well as to integrate the various other databases that have been created to supplement this antiquated system. The current database is not capable of being upgraded and does not allow the information tracking that is necessary to comply with current statutes, respond to requests relative to LWMD programs from internal or external interests, nor to easily respond to legislative reports and inquiries. Without an update, the database will also continue to be out of compliance relative to security and financial control issues.

**Proposed Fee Schedule
Floodplain Regulatory Authority**

ACTIVITY	CURRENT FEES	2009-2010 PROPOSED FEES
Minor Project	\$100	\$350
All Other Projects	\$500	\$2,300
Engineering Computations	\$1,500	\$3,000
Pre-application Meeting – In Office for a Single Residential Lot < 1 acre	New	\$0
Pre-application Meeting - On-Site for a Single Residential Lot < 1 acre	New	\$100
Pre-application Meeting – In Office	New	\$150
Pre-application Meeting - On-Site	New	\$250 plus \$50 for each additional acre (not to exceed \$1,000)
Minor Permit Revision / Transfer	New	\$300

**Proposed Fee Schedule
Land Division Act Fees**

ACTIVITY	CURRENT FEES	2009-2010 PROPOSED FEES
Preliminary Plat Review	\$500	\$3,700
Engineering Computations	\$1,500	\$3,000